

Message Text

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TAGS: ETEL, ITU
SUBJECT: ITU AND TECHNICAL COOPERATION PROGRAM

REF: STATE 94337

1. WE RATHER MYSTIFIED OVER PRECISE MEANING OF SOME OF
THE STATEMENTS MADE BY SADDLER TO U.S. REPS AS REPORTED
REFTEL. SPECIFICALLY:

A. IN PARA 2(B): OBVIOUSLY DEPRECIATION OF DOLLAR
MEANS THAT "ITU GETS MORE REIMBURSEMENT (IN DOLLAR TERMS)
FOR OVERHEAD COSTS THAN ORIGINALLY ANTICIPATED..." THE
PROBLEM IS THAT THIS ORGANIZATION MUST PERFORCE BUDGET IN
SWISS FRANCS AT LEAST ONE YEAR IN ADVANCE AND IT IS IM-
POSSIBLE FOR ITU TO ESTIMATE WHAT VALUE OF DOLLAR WILL BE
DURING FOLLOWING YEAR. SINCE 1971 VALUE OF DOLLAR HAS
DROPPED 43 PERCENT. MOST OF THE OVERHEAD EXPENSES OF THE
TECHNICAL COOPERATION DIVISION (TCD) ARE IN SWISS FRANCS-
TRAVEL, OFFICE EQUIPMENT AND SUPPLIES, POSTAGE, TELEPHONE,
HEAT, LIGHT, ETC. - AND MOST IMPORTANTLY STAFF. OF TCD'S
81 CURRENT HEADQUARTERS EMPLOYEES, 43 ARE OF GS CATEGORY
WHICH ARE PAID IN SWISS FRANCS AT LOCAL GENEVA WAGE SCALE;
P-LEVEL STAFF IS PAID IN SWISS FRANCS AT UN SCALE.
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PARTIALLY AS A RESULT OF DROP IN VALUE OF U.S. DOLLAR
UNDP OVERHEAD PAYMENTS, TCD HAS HAD TO FREEZE 18 POSITIONS
OF ITS AUTHORIZED STRENGTH OF 99 BECAUSE THERE IS SIMPLY
NOT ENOUGH FUNDS TO PAY THEM.

B. WE CANNOT UNDERSTAND SADDLER'S IMPLICATION THAT
ITU GETS A "WINDFALL" OF ANY SIZE, SHAPE OR VARIETY FROM

DROP IN VALUE OF THE DOLLAR. DOLLAR HAS GONE STEADILY DOWNWARD SINCE 1971 AND HAS LOST OVER 20 PERCENT VIS-A-VIS SWISS FRANC JUST SINCE NOVEMBER 1977. WE WOULD APPRECIATE DEPT OR USUN PROVIDING SOME CLARIFICATION.

C. THERE IS NO QUESTION THAT ITU TC PROGRAM WILL EXCEED \$10 MILLION UNDP CEILING; THIS HAS BEEN THE CASE SINCE 1973. THE QUESTION IS THE FOLLOWING: SINCE 1973 UNDP HAS RECOGNIZED THAT ITU HAS SPECIFIC DIFFERENCES FROM MOST OTHER EXECUTIVE AGENCIES - ONE OF THESE BEING ITS SWISS FRANC BUDGETING - AND HAS TREATED THAT ORGANIZATION IN A SOMEWHAT DIFFERENT MANNER THAN OTHERS - E.G. COVERING ITS TC OPERATING DEFICITS SINCE THAT TIME. THUS, THE MAJOR QUESTION SEEMS TO US TO BE HOW LONG THIS SPECIAL TREATMENT WILL CONTINUE?

2. ANOTHER MATTER ON THIS SUBJECT, WHICH SADDLER DID NOT MENTION, IS UNDP'S CONTINUOUS CALL UPON THE EXECUTING AGENCIES TO COVER A (GREATER) PORTION OF THEIR COSTS OF EXECUTING UNDP PROGRAMS FROM THEIR REGULAR BUDGETS. INDEED, THIS CALL FROM THE UNDP WAS ONE OF THE ELEMENTS USED BY LDC PROPONENTS OF TAPPING REGULAR BUDGET FUNDS FOR TC PURPOSES AT 1977 SESSION OF ITU ADMIN COUNCIL. OF COURSE, THIS IS JUST WHAT USG IS TRYING TO PREVENT ITU FROM DOING.

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3. IT IS MISSION VIEW THAT UNDP SHOULD DEVELOP AND IMPLEMENT PROCEDURES TO COVER LOSSES DUE TO CURRENCY FLUCTUATION RESULTING FROM DIFFERENCE BETWEEN BUDGETARY RATE OF EXCHANGE AND ACCOUNTING RATE OF EXCHANGE. INCREASED COSTS DUE TO CURRENCY FLUCTUATIONS ARE GENERALLY RECOGNIZED AS VALID, AND IT SEEMS NEITHER EQUITABLE NOR POLITICALLY REALISTIC TO EXPECT ITU TO ABSORB THEM. OUR ONLY ALTERNATIVE IS TO SEE CONTINUED, AND PROBABLY ULTIMATELY SUCCESSFUL, ATTEMPTS BY THE LDC MEMBERS OF ITU ADMIN COUNCIL TO HAVE TC COSTS INCLUDED IN REGULAR BUDGET AND A RESULTING BALLOONING IN COST OF MAJOR CONTRIBUTOR CONTRIBUTIONS.

4. WE WOULD WELCOME DEPT'S VIEWS ON FOREGOING.
VANDEN HEUVEL

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